INSPECTOR GENERAL
FISCAL YEAR 1998 ESTIMATES
BUDGET SUMMARY

OFFICE OF INSPECTOR GENERAL

SUMMARY OF RESOURCES REQUIREMENTS

INSPECTOR GENERAL	FY 1996	FY 1997	FY 1998
Personnel & related costs	14,865	15,750	16,900
Travel	585	700	800
Operation of installation	450	550	600
Facilites services	(--)	(--)	(--)
Technical services	(250)	(350)	(300)
Management and Operations	(200)	(200)	(300)
Total	15,900	17,000	18,300

Distribution of Program Amount by Installation	FY 1996	FY 1997	FY 1998
Headquarters	15,900	17,000	18,300
Total	15,900	17,000	18,300

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

FISCAL YEAR 1998 ESTIMATES

OFFICE OF INSPECTOR GENERAL

The NASA Office of Inspector General (OIG) budget request of $18.3 million for FY 1998 is based primarily on 198 Full-Time Equivalents (FTEs). Although the OIG has a 204 FTE ceiling, this staffing level is commensurate with the eventual goal of 198 FTE's projected for FY 2000. The FTE level includes plans to continue building an Information Technology Audit Group and a Computer Crimes Program. The personnel and related costs of the 198 FTEs represents approximately 92 percent of the total OIG budget request. This is barely the minimal staffing level that allows the OIG to perform its legislated mission. At the requested

level the OIG will: provide assistance and work cooperatively with Agency management as it carries out NASA's programs and operations; maintain a balanced audit program, including providing technical assistance and oversight of the audit of the Agency's financial statements as required by the Chief Financial Officers (CFO) Act; concentrate investigative resources on procurement fraud and computer crime matters including emphasis on prevention initiatives; work cooperatively with management by conducting inspections/assessments/reviews of issues identified by the OIG as well as those that are of concern to management; and deploy audit staff to timely provide feedback on NASA's re-engineering and streamlining initiatives. This budget level recognizes the fiscal constraints facing the Agency and the need for the OIG to provide quality products and services that are timely and meet our customers' needs. In light of increasing budget constraints, the Inspector General has commenced a streamlining activity which will increase the mission capability of the OIG staff. Initiatives include conversion of administrative overhead positions to program assistants responsible for assisting on direct mission activities of the audit, investigative, and inspection missions; staff reductions in the resources management division; and matrixing existing personnel and management analyst positions to support direct mission activities. In addition, the OIG will continue to streamline and simplify communication and report channels, and improve computer and telecommunications capacities to further increase staff capabilities.

As NASA continues to downsize, establish new priorities, and modify its programs and operations within proposed budget constraints, efforts will continue within the OIG to concentrate staff resources on those programs and operations identified as the most critical and vulnerable to fraud and abuse. Throughout this process, the OIG is increasing its cooperation with NASA management while assuring that the OIG's statutory independence is maintained. The OIG will continue to set priorities based on funding levels, program needs, Congressional and Administration concerns, and the results of OIG research and findings.

The OIG's mission is to conduct independent audits, investigations, and inspections/assessments/reviews of NASA's programs and operations while working cooperatively, as feasible, with NASA management and program managers. Audits will be prioritized and selected to evaluate programmatic, operational and financial management concerns, information technology systems and operations, and internal control vulnerabilities. The investigations program, with its computer crimes capability, will place greater emphasis on the investigation of computer intrusion and frauds in which the computer was used as an instrument of the crime. The investigations program remains focused on complex procurement and other fraud matters including fraud against the Government by contractor and Government employees and product substitution procurement irregularities. Investigative matters will be approached on a programmatic, priority basis to identify preventive initiatives. Inspections, assessments, and reviews will be conducted which support: management's interests and concerns in achieving NASA's programmatic objectives more efficiently and effectively; issues of Congressional concern; matters of high Agency vulnerability as identified by the OIG; and administrative inquiries related to unethical and improper conduct and waste

and mismanagement.

OBJECTIVES AND STATUS

This request represents the resources (FTEs) needed at NASA Headquarters and the field offices to fulfill the OIG mission. Recognizing that the identified audit, investigative, inspections, assessments, and other reviews workload significantly exceeds the available resources, continuous adjustments of priorities will be necessary to ensure that: balanced coverage of NASA's programs and operations is maintained; critical and sensitive matters are promptly evaluated and investigated; and all OIG customers receive timely, accurate, and complete responses.

The OIG audit, inspection and assessment, and partnerships and alliances programs set priorities for audits, evaluations, and reviews to maximize the return on available staff resources. These priorities are established and contained in strategic plans for each of NASA's strategic enterprises - Space Science, Aeronautical Research and Technolog, Mission to Planet Earth, Human Exploration and Development of Space, as well as supporting activities that include, financial management, management systems and facilities, and procurement. The OIG uses a formal, comprehensive process to identify, review, prioritize, and select the audits, evaluations, and reviews to be performed.

The OIG audit, inspection and assessment, and partnerships and alliances workloads and assignments are derived from: (1) monitoring NASA's evolving initiatives in downsizing, re-engineering, comercialization, and privatization to determine opportunities for efficiencies, and vulnerabilities; (2) selecting audits and reviews using a structured approach encompassing NASA's programs and operations and an external universe comprised of NASA's prime contractors, their subcontractors, and grantees; and (3) addressing issues required by laws and internal regulations. The audits and reviews identified from these sources are prioritized and compared to available resources and published in the annual OIG audit plan. The OIG will continue its NASA-wide program-oriented audit concept to obtain greater visibility and awareness of issues related to NASA's major programs and initiatives.

The defined audit workload far exceeds available staff. This will require continuous adjustment of priorities to provide balanced coverage of programs and operations most vulnerable to abuse and mismanagement. Further, program and project changes, growth, delays, and termination increase the need for OIG oversight of contractor/subcontractor/grantee cost, schedule, and performance effectiveness. NASA's continued reliance on contractors and grantees (about 90 percent of the Agency's total obligations are for procurement) will require increasing direct OIG involvement and oversight of Defense Contract Audit Agency (DCAA) and Health and Human Services (HHS) OIG audits of NASA contractors and grantees, to ensure effective contract and grant execution and administration. NASA was billed approximately $18.4 million during FY 1996 for contract audit services.

The OIG plans to continue its NASA-wide program-oriented audit concept to ensure visibility and awareness of significant issues related to major NASA programs/projects. During FY 1998, the OIG will focus attention and provide support to program managers on issues relating to: Mission to Planet Earth, Communications, Human Exploration and Development of Space, Space Technology, Information Technology, Aeronautics, and Space Transportation. The functional areas we will evaluate include Procurement and Contract Administration, Technology Transfer, Financial Management, Information Resources Management, and Facilities and Equipment. The OIG will focus on the security and integrity of NASA's major information systems and operations for the newly created Information Technology Audit Group.

The OIG will continue to monitor and assess NASA's high risk areas, material weaknesses and areas of significant concern to ensure that corrective actions are implemented timely. Areas of emphasis will include: financial systems-accounting; procurement and environmental programs; NASA information technology resources; institutional contracting practices; contract management; contractor-held property; contractor cost reporting; allotment and budgetary controls; and financial reporting/general ledger. Financial management's significance increased with the passage of the CFO Act. Pursuant to the Act, we have selected auditors to render an opinion on the Agency's annual financial statements, its internal control structure, and its compliance with laws and regulations. Our financial audits will concentrate on accounting controls, information systems, and required performance measurements.

Agency vulnerabilities are determined by taking into consideration the following: (1) whether program and project objectives are accomplished in the most cost effective manner and comply with safety and mission quality inititatives; (2) management's actions to correct internal control weaknesses reported under the Federal Manager's Financial Integrity Act (FMFIA); (3) whether NASA's annual expenditure on information technology is providing expected programmatic and financial information needed to make sound decisions (NASA is one of the top ranked civilian agency in information technology spending); (4) improvements in financial management systems, practices, controls, and information; (5) effectiveness of the audit follow-up system in enabling management to maintain the status of corrective actions; and (6) the adequacy of Agency-wide corrective actions addressing environmental concerns. These identified vulnerabilities are then evaluated, prioritized, and included in our plans for further action.

The OIG investigative workload continues to exceed the availability of investigative resources. The FY 1998 investigative staffing level will require OIG management to effectively manage the complex workload of investigative criminal and civil fraud matters. The establishment of the Computer Crimes Division will allow the OIG to investigate unauthorized intrusions into and compromises of NASA and contractor computer systems, as well as, assess the Agency's vulnerability to information terrorism. The number of complex procurement fraud cases also

remains high. Such cases take longer to resolve and are resource intensive, thereby limiting our flexibility to improve and expand the program. To provide us a greater capability to be more proactive, we have established a Proactive Programs Division and a Program Fraud Division to focus on program fraud areas which have been identified by our audits as highly vulnerable to fraud. The quantity of investigative allegations received further adversely affects the timely completion of ongoing cases. To help us address all substantive allegations received, we are working with management to refer more routine administrative matters to them for their resolution and request that they keep the OIG advised of the action taken. We are also referring more matters to the OIG Inspections and Assessments (I&A) staff for review. Investigative managers are assessing the allegations and cases on a programmatic basis to determine their seriousness and impact to the programs in meeting their objectives. By referring matters to Agency managers and the I&A staff to resolve, we can reserve our investigative resources to address the more serious allegations made to the OIG.

In summary, the OIG will collaborate with Agency management to address issues of joint concern and to improve the scope, timeliness, and thoroughness of its oversight of NASA programs and operations, identify preventive measures, and enhance its capability to assist NASA management to efficiently and effectively achieve program and project goals and objectives.

MEASURES OF PERFORMANCE

WORKLOAD	FY 1996	FY 1997	FY 1998
Office Staff Goals			
Full-Time Equivalents	190	198	198
Investigations			
Cases pending beginning of year	356	328	318
Opened during year	206	210	200
Closed during year	234	220	210
Cases pending end of year	328	318	308
Audits			
Audits pending beginning of year	59	71	65
Opened during year	46*	52*	60*
Closed during year	34	58	58
Audits pending end of year	71	65	67
Inspections & Assessments (IA) and Partnerships & Alliances (PA)			
IA Administrative Investigations pending beginning of year	0	13	20
Opened during year	25	50	60
Closed during year	12	43	60
IA Administrative Investigations pending end of year	13	20	20
IA and PA Reviews pending beginning of year	0	10	11
Opened during year	23	33	33
Closed during year	13	32	33
IA and PA Reviews pending end of year	10	11	11

BASIS OF FY 1998 FUNDING REQUIREMENT (Thousands of Dollars)	FY 1996	FY 1997	FY 1998
Compensation and Benefits	14,680	15,320	16,900
Compensation	12,230	12,720	13,791
(Full-time permanent)	(11,770)	(12,260)	(13,400)
(Other than full-time permanent)	(200)	(200)	(185)
(Overtime & other compensation)	(260)	(260)	(206)
Benefits	2,450	2,600	2,609
Supporting Costs	185	430	500
Transfer of personnel	100	250	300
Personnel training	75	170	190
OPM Services	10	10	10
Total	**14,865**	**15,750**	**16,900**

Full-Time Equivalents	FY 1996	FY 1997	FY 1998
Full-time permanent	180	196	196
Other controlled FTEs	10	2	2
Total	**190**	**198**	**198**

These estimates provide for establishment of NASA OIG's Information Technology Audit and Computer Crimes Divisions.

TRAVEL

	FY 1996	FY 1997	FY 1998
Travel	585	700	800

Travel funding is required to carry out audit, investigation, inspection and assessment, partnerships and alliances, and management duties. Our budget allows for increases in per

commercialization efforts), increased travel funds will be required to deploy staff located at field offices remote from the site where audit and investigation activities occur.

OPERATION OF INSTALLATION

	FY 1996	FY 1997	FY 1998
Technical Services	250	350	300
Management and operations	200	200	300
Total	**450**	**550**	**600**

Operation of Installation provides a broad range of services and equipment in support of the Inspector General's activities.

The Technical services estimate provides for all equipment, including purchase, maintenance, programming and operations of unique automated data processing (ADP) equipment. NASA provides common services items such as office space, communications, supplies, and printing and reproduction at no charge to the Office of Inspector General. The funding for technical services will cover the cost of providing unique ADP upgrades, and replacement of unique equipment that has become outdated or unserviceable. As funding permits, in FY 1998 we will continue to improve our PC-based wide-area network and management information system.

The management and operations category includes miscellaneous expenses within the Office of Inspector General, i.e., GSA cars, the Inspector General's confidential fund, miscellaneous contracts, and supplies not provided by NASA.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION
PROPOSED APPROPRIATION LANGUAGE
OFFICE OF INSPECTOR GENERAL

For necessary expenses of the Office of Inspector General in carrying out the Inspector General Act of 1978, as amended, [$17,000,000] *$18,300,000 . (Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997.)*